

## Message Text

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64

ORIGIN TRSE-00

INFO OCT-01 EA-11 ISO-00 EB-11 NEA-10 IO-14 H-03 L-03

PRS-01 PA-04 USIA-15 SPC-03 SAM-01 AID-20 NSC-10

RSC-01 CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 /179 R

DRAFTED BY TREASURY:TMBARR:SL

APPROVED BY EB/IFD/ODF - MR. BENEDICK

TREASURY - J. D. LANGE

----- 071570

P 282009Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

UNCLAS STATE 040301

FOR USADB

E.O. 11652: N/A

TAGS: EAID, EFIN

SUBJECT: U.S. CONTRACTOR'S BIDDING PROBLEM ON KUALA LUMPUR  
KARAK HIGHWAY PROJECT

1. NELLO TEER CO., US CONTRACTOR, HAS PREQUALIFIED FOR  
MAJOR CONSTRUCTION WORK ON ABOVE PROJECT. DEADLINE FOR  
BIDDING THIS CONSTRUCTION JOB IS MARCH 8.

2. THE CONTRACT IN THE BIDDING DOCUMENTATION CONFORMS VERY  
CLOSELY TO MODEL FIDIC STANDARD CONTRACT, EXCEPT FOR  
PARAGRAPH 10, WHICH APPARENTLY USES THE TERMS QTE BID  
BOND UNQTE AND QTE BANK GUARANTEE UNQTE INTERCHANGEABLY.  
(NOTE: SYNONYMOUS USE OF THESE TWO TERMS DOES NOT PRESENT  
ANY PROBLEM.)

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3. HOWEVER, THE EXHIBIT TO THE CONTRACT, WHICH IS

CRITICAL FOR BID PREPARATION PURPOSES, ONLY MAKES  
REFERENCE TO BANK GUARANTEES- THE LANGUAGE IN THE EXHIBIT  
DOES NOT SEEM TO LEAVE ROOM FOR THE ALTERNATIVE OF A BID  
BOND. UNLESS A BID BOND IS AN ACCEPTABLE FORM OF SURETY,  
NELLO TEER CO. CANNOT AND WILL NOT COMPETE FOR THE JOB.

4. ACTION REQUESTED: PLEASE DETERMINE WHETHER A BID BOND  
(AND SUBSEQUENTLY A PERFORMANCE BOND) FROM AN INTERNATIONAL  
SURETY COMPANY IS AN ACCEPTABLE ALTERNATIVE TO BANK

GUARANTEE. PLEASE INFORM US OF DECISION, AND IF POSSIBLE,  
ALSO TRANSMIT ANSWER TO MR. HOWARD FREDERICK, OF NELLO CO.,  
WHO WILL BE AT KUALA LUMPUR HILTON FROM MARCH 1-8. NOTE:  
IN APPROACHING BANK, SHOULD STRESS THAT BID BONDING IS  
PREDOMINANT PRACTICE IN US, AND TO DISALLOW THIS FORM OF  
SURETY PLACES US CONTRACTORS AT A GREAT DISADVANTAGE. CASEY

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## Message Attributes

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**Disposition Case Number:** n/a  
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**TAGS:** EAID, EFIN, RP, US  
**To:** MANILA  
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